



DEPARTMENT OF COMMERCE

International Trade Administration

[C-821-832]

Urea Ammonium Nitrate Solutions from the Russian Federation: Preliminary Affirmative Countervailing Duty Determination and Alignment of Final Determination with the Final Antidumping Duty Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (Commerce) preliminarily determines that countervailable subsidies are being provided to producers and exporters of urea ammonium nitrate solutions (UAN) from the Russian Federation (Russia) for the period of investigation (POI) January 1, 2020, through December 31, 2020. Interested parties are invited to comment on this preliminary determination.

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Kristen Johnson (Acron) and John Hoffner and Laura Griffith (the EuroChem Companies¹), AD/CVD Operations, Office III, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-4793, (202) 482-3315, and (202) 482-6430, respectively.

SUPPLEMENTARY INFORMATION:

Background

This preliminary determination is made in accordance with section 703(b) of the Tariff Act of 1930, as amended (the Act). Commerce published the notice of initiation of this investigation on July 26, 2021.² On August 24, 2021, Commerce postponed the preliminary

¹ For purposes of this investigation, the EuroChem Companies are Mineral and Chemical Company EuroChem, Joint Stock Company (MCC EuroChem), Joint Stock Company Nevinnomysky Azot (Nevinka), and Azot, Joint Stock Company (NAK Azot).

² See *Urea Ammonium Nitrate Solutions from the Russian Federation and the Republic of Trinidad and Tobago: Initiation of Countervailing Duty Investigations*, 86 FR 40004 (July 26, 2021) (*Initiation Notice*).

determination of this investigation to November 29, 2021.³ For a complete description of events that followed the initiation of this investigation, *see* the Preliminary Decision Memorandum.⁴ A list of topics discussed in the Preliminary Decision Memorandum is included as Appendix II to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <https://access.trade.gov/public/FRNoticesListLayout.aspx>.

Scope of the Investigation

The product covered by this investigation is UAN from Russia. For a complete description of the scope of the investigation, *see* Appendix I.

Scope Comments

In accordance with the preamble to Commerce's regulations,⁵ the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage, (*i.e.*, scope).⁶ No interested party commented on the scope of the investigation as it appeared in the *Initiation Notice*.

Methodology

³ *See Urea Ammonium Nitrate Solutions from the Russian Federation and the Republic of Trinidad and Tobago: Postponement of Preliminary Determinations in the Countervailing Duty Investigations*, 86 FR 47296 (August 24, 2021).

⁴ *See* Memorandum, "Decision Memorandum for the Preliminary Affirmative Determination in the Countervailing Duty Investigation of Urea Ammonium Nitrate Solutions from the Russian Federation," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

⁵ *See Antidumping Duties; Countervailing Duties, Final Rule*, 62 FR 27296, 27323 (May 19, 1997).

⁶ *See Initiation Notice*, 86 FR at 40005.

Commerce is conducting this investigation in accordance with section 701 the Act. For each of the subsidy programs found countervailable, Commerce preliminarily determines that there is a subsidy, *i.e.*, a financial contribution by an “authority” that gives rise to a benefit to the recipient, and that the subsidy is specific.⁷ For a full description of the methodology underlying our preliminary conclusions, *see* the Preliminary Decision Memorandum.

Commerce notes that, in making these findings, it relied, in part, on facts available and, because it finds that the Government of Russia did not act to the best of its ability to respond to Commerce’s requests for information, it drew an adverse inference where appropriate in selecting from among the facts otherwise available.⁸ For further information, *see* “Use of Facts Otherwise Available and Adverse Inferences,” in the Preliminary Decision Memorandum.

Alignment

As noted in the Preliminary Decision Memorandum, in accordance with section 705(a)(1) of the Act and 19 CFR 351.210(b)(4), Commerce is aligning the final determination in this countervailing duty (CVD) investigation with the final determination in the companion antidumping duty (AD) investigation of UAN from Russia based on a request made by the petitioner.⁹ Consequently, the final CVD determination will be issued on the same date as the final AD determination, which is currently scheduled to be issued no later than April 11, 2022, unless postponed.

All-Others Rate

Sections 703(d)(1)(A)(i) and 705(c)(5)(A) of the Act provide that in the preliminary determination, Commerce shall determine an estimated all-others rate for companies not individually examined. Pursuant to section 705(c)(5)(A)(i) of the Act, this rate shall normally be

⁷ See sections 771(5)(B) and (D) of the Act regarding financial contribution; section 771(5)(E) of the Act regarding benefit; and section 771(5A) of the Act regarding specificity.

⁸ See sections 776(a) and (b) of the Act.

⁹ See Petitioner’s Letter, “Urea Ammonium Nitrate Solutions from the Russian Federation: Petitioner’s Request to Align Final Countervailing Duty Determination with the Companion Antidumping Duty Final Determination,” dated November 22, 2021. The petitioner is CF Industries Nitrogen, LLC and its subsidiaries, Terra Nitrogen, Limited Partnership and Terra International (Oklahoma) LLC.

an amount equal to the weighted average of the estimated subsidy rates established for those companies individually examined, excluding any zero and *de minimis* rates and any rates based entirely under section 776 of the Act.

Commerce calculated individual estimated countervailable subsidy rates for Public Joint Stock Company Acron and the EuroChem Companies that are not zero, *de minimis*, or based entirely on facts otherwise available. Commerce calculated the all-others rate using a weighted average of the individual estimated subsidy rates calculated for the examined respondents using each company's publicly-ranged values for the merchandise under consideration.¹⁰

Preliminary Determination

Commerce preliminarily determines that the following estimated countervailable subsidy rates exist:

Company	Subsidy Rate <i>ad valorem</i>
The EuroChem Companies ¹¹	9.84 percent
Public Joint Stock Company Acron ¹²	9.66 percent
All Others	9.72 percent

Suspension of Liquidation

¹⁰ With two respondents under examination, Commerce normally calculates (A) a weighted-average of the estimated subsidy rates calculated for the examined respondents; (B) a simple average of the estimated subsidy rates calculated for the examined respondents; and (C) a weighted-average of the estimated subsidy rates calculated for the examined respondents using each company's publicly-ranged U.S. sale quantities for the merchandise under consideration. Commerce then compares (B) and (C) to (A) and selects the rate closest to (A) as the most appropriate rate for all other producers and exporters. See, e.g., *Ball Bearings and Parts Thereof from France, Germany, Italy, Japan, and the United Kingdom: Final Results of Antidumping Duty Administrative Reviews, Final Results of Changed-Circumstances Review, and Revocation of an Order in Part*, 75 FR 53661, 53663 (September 1, 2010). As complete publicly ranged sales data was available, Commerce based the all-others rate on the publicly ranged sales data of the mandatory respondents. For a complete analysis of the data, see Memorandum, "Countervailing Duty Investigation of Urea Ammonium Nitrate Solutions from the Russian Federation: All-Other Rate for Preliminary Determination," dated concurrently with, and hereby adopted by, this notice.

¹¹ As discussed in the Preliminary Decision Memorandum, Commerce has found the following companies to be cross-owned with Joint Stock Company Nevinnomyssky Azot (Nevinka): Mineral and Chemical Company EuroChem, Joint Stock Company (MCC EuroChem) and Azot, Joint Stock Company (NAK Azot).

¹² As discussed in the Preliminary Decision Memorandum, Commerce has found the following companies to be cross-owned with Public Joint Stock Company Acron: Joint Stock Company Acron Group and Acron Switzerland AG.

In accordance with section 703(d)(1)(B) and (d)(2) of the Act, Commerce will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of entries of subject merchandise as described in the scope of the investigation section entered, or withdrawn from warehouse, for consumption on or after the date of the publication of this notice in the *Federal Register*. Further, pursuant to 19 CFR 351.205(d), Commerce will instruct CBP to require a cash deposit equal to the rates indicated above.

Disclosure

Commerce intends to disclose its calculations and analysis performed to interested parties in this preliminary determination within five days of its public announcement, or if there is no public announcement, within five days of the date of this notice in accordance with 19 CFR 351.244(b).

Verification

As provided in section 782(i)(1) of the Act, Commerce intends to verify the information relied upon in making its final determination. Normally, Commerce verifies information using standard procedures, including an on-site examination of original accounting, financial, and sales documentation. However, due to current travel restrictions in response to the global COVID-19 pandemic, Commerce is unable to conduct on-site verification in this investigation. Accordingly, we intend to verify the information relied upon in making the final determination through alternative means in lieu of an on-site verification.

Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Enforcement and Compliance. Interested parties will be notified of the timeline for the submission of case briefs and written comments at a later date. Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than seven days after the deadline date for case

briefs.¹³ Note that Commerce has temporarily modified certain of its requirements for serving documents containing business proprietary information, until further notice.¹⁴ Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this investigation are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited to issues raised in the case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce within 30 days after the date of publication of this notice. Requests should contain the party's name, address, and telephone number, the number of participants, whether any participant is a foreign national, and a list of the issues to be discussed. If a request for a hearing is made, Commerce intends to hold the hearing at a time and date to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

International Trade Commission Notification

In accordance with section 703(f) of the Act, Commerce will notify the International Trade Commission (ITC) of its determination. If Commerce's final determination is affirmative, the ITC will make its final injury determination before the later of 120 days after the date of this preliminary determination or 45 days after the final determination.

Notification to Interested Parties

This determination is issued and published pursuant to sections 703(f) and 777(i) of the Act, and 19 CFR 351.205(c).

Dated: November 29, 2021.

Ryan Majerus,
*Deputy Assistant Secretary
for Policy and Negotiations,*

¹³ See 19 CFR 351.309; *see also Temporary Rule Modifying AD/CVD Service Requirements Due to COVID-19*, 85 FR 17006, 17007 (March 26, 2020) (*Temporary Rule*); and 19 CFR 351.303 (for general filing requirements).

¹⁴ See *Temporary Rule*, 85 FR at 17006; *see also Temporary Rule Modifying AD/CVD Service Requirements Due to COVID-19; Extension of Effective Period*, 85 FR 41363 (July 10, 2020).

*performing the non-exclusive functions and duties of the
Assistant Secretary for Enforcement and Compliance.*

Appendix I

Scope of the Investigation

The merchandise covered by this investigation is all mixtures of urea and ammonium nitrate in aqueous or ammonia solution, regardless of nitrogen concentration by weight, and regardless of the presence of additives, such as corrosion inhibitors and soluble micro or macronutrients (UAN).

Subject merchandise includes merchandise matching the above description that has been processed in a third country, including by commingling, diluting, adding or removing additives, or performing any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the subject country.

The scope also includes UAN that is commingled with UAN from sources not subject to this investigation. Only the subject component of such commingled products is covered by the scope of this investigation.

The covered merchandise is currently classified in the Harmonized Tariff Schedule of the United States (HTSUS) at subheading 3102.80.0000. Although the HTSUS subheading is provided for convenience and customs purposes, the written description of the scope is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum

- I. Summary
- II. Background
- III. Scope of the Investigation
- IV. Subsidies Valuation
- V. Benchmarks and Interest Rates
- VI. Use of Facts Otherwise Available and Adverse Inferences
- VII. Analysis of Programs
- VIII. Recommendation

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